

### Newsday

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New push for cap on credit card rates

BY JOSEPH MALLIA

Ellen Rasmussen of Islip, a physical therapist and a mother of two, knows something about high credit card interest rates. A family medical emergency forced her to nearly max out five bank cards - four charging rates in the mid-20 percent range, and another 32 percent.

"They're bloodsuckers," Rep. Steve Israel (D-Huntington) said yesterday at a news conference. He introduced Rasmussen as a victim of what he called a shameful surge of usury among the nation's banks. He wants to cap credit card interest rates at 16 percent and limit late fees and other punitive charges to \$15.

Many banks are raising rates sharply in advance of a new federal law that takes effect in February, Israel said.

Israel brought Rasmussen, 50, to his Hauppauge news conference to announce that he's joined a House of Representatives effort to quickly pass a law limiting rate increases during the next two months.

Banks are gorging on high rates while then can, Israel said, adding, "They have doubled down on their abuses and predatory actions."

Rasmussen's costly debt, totaling about \$25,000, arose about 18 months ago from a series of

medical bills for her 23-year-old daughter, Megan.

Rasmussen had a couple of late payments and was soon paying perhaps \$1,000 a month on the cards with little of the money going toward principal. Rasmussen and her husband, Thomas, a sheet-metal inspector, have good incomes, she said. But high interest payments force them to pay late, she said, incurring even higher rates, late charges and over-limit charges.

"I felt trapped. I felt hopeless," she said.

To help many other Americans who feel the same way, Israel said, he will co-sponsor a House bill introduced by upstate congresswoman Louise Slaughter. He added the Senate has not acted on the issue of capping interest rates. Slaughter's bill would complement the February legislation known as the Credit Cardholders Bill of Rights, which will require companies to give 45 days' notice of a rate hike and would prevent rate hikes for the first year of a newly issued card.

At the news conference yesterday, Israel named the issuing companies of Rasmussen's high-interest cards: JPMorgan Chase, Citigroup, Bank of America and Wells Fargo. Chase declined to comment and the other banks could not be reached.

## SETTING LIMITS

### Law coming in February will:

Require companies to give 45 days notice of a rate hike

Prohibit arbitrary interest rate increases

Require card issuers to periodically review and decrease punitive rates

if warranted

Require promotional rates to last at least 6 months

Prohibit exorbitant and

unnecessary fees

Prohibit issuers from charging a fee to pay a credit card debt except for live services to make expedited payments

Require credit card statements to be mailed 21 days before the bill is due rather than the current 14

**Proposed new law would:**

Cap credit card interest rates at 16 percent

Limit late fees, over-limit fees and other punitive charges to \$15

Limit hikes for membership fees and annual fees

Allow temporary increase in the interest rate cap only in extraordinary circumstances